

## **Governor's Commission on Waste, Fraud and Abuse**

Minutes of Meeting held on April 1, 2011

10:00am

Department of Administration, Yahara Room

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**Commission Members Present:** Chairman Rakowski, Mr. Ara Cherchian, Deputy Secretary Archer, Representative Kerkman

Excused: Senators Lasee, Larson and Representative Pocan

1. Chairman Rakowski called the meeting to order at 10am.
2. The roll was taken.
3. Testifying was Jan Mueller, State Auditor and Sherry Haakenson both from the Legislative Audit Bureau.
4. Also in attendance to answer questions were representatives of the Departments of Administration, Children and Families, and Transportation.
  - Jan Mueller began her testimony discussing the role of the Legislative Audit Bureau. She mentioned how the bureau's fraud and waste hotline works and mentioned some of their ongoing audits such as the FamilyCare and the Unemployment Trust Fund audits.
  - Jan then discussed some of the bureau's larger audits. The first was on state information technology projects and the ACE Initiative. Jan mentioned how the state has improved its oversight of IT projects by creating online dashboard reports for large projects. Craig asked how these projects could get so behind and greatly exceed the initial cost estimates. Cindy responded that many times projects are not well defined and scope creep occurs which greatly broadens a project's goals and often times increases costs and decreases functionality.
  - Craig asked about the IBIS IT program that was suspended. Jan and representatives from DOA said it is still suspended, but the state pays \$1 million per year for maintenance costs. The total master lease cost is \$11 million. DOA mentioned that a solution is to break IT projects into smaller chunks which would make them more manageable and goals could be accomplished incrementally and ideally without additional cost.
  - The commission discussed the Master Lease Program used for most IT projects. The question was raised by Ara, what interest rate were we paying. The price of stretching out the payments at a borrowing cost of about 3-4% on bonds has it costing us quite a bit.
  - Jan then discussed the audits of child care regulations and Wisconsin Shares. Jan discussed that they identified 'conservatively' \$22 million in fraud. Jan said DCF and the Legislature made changes to address the problems and it has been working better. Representative Kerkman said she and Representative Vos have additional legislation that would improve oversight and crack down on fraud.

- Jan also discussed how felons were living in the homes of child care operations and in one case there was even a sex offender. YoungStar was also discussed and initially it seems to be working. Kerkman did say it seems the ratings are not uniform.
  - Kerkman talked about the idea of micro stamping to crack down on abuse in Wisconsin Shares.
  - Craig and Ara talked to Jan about rating state case workers on how efficient they are at administering the Shares program. DCF mentioned there is no such rating system they are aware of. Jan and Sherry mentioned that the error rate for public assistance programs is around 10%. Ara asked about how many case workers there were and the error rate by worker. The answers were not available.
  - Jan also discussed the transportation audits on road projects. Sherry discussed this as well with representatives of the DOT answering questions. The problem with inside and outside engineers was discussed and how this seems to be increasing costs. DOT said they have roughly 700 state engineers however that 70% of engineer work is contracted out.
  - Jan closed her testimony by talking about the 10% error rate in public assistance and how incremental change is best. Ara talked about scoring employees and posting the scores. Sherry said she was unaware of any system in place like that. Ara thought this would hold employees accountable and create competition.
  - On the social programs, it was noted that there were few or no funds for investigative work, and consequently very few people assigned to that task.
  - Cindy asked DCF about measuring employees and DCF responded that they do this collectively, not by employee.
  - Kerkman gave an example of how case workers report fraud and there is no way of knowing if it is followed up on. Kerkman talked about her work trying to tighten up food stamp fraud.
  - Craig and Ara were interested in getting Jan's advice. She mentioned that two options seem the best. Either focusing on the big programs or look for the small projects. The big programs would be MA, W2, Foodshare, Shares, energy assistance, UI, and WHEDA.
5. There was a discussion of future meeting topics and dates. It was agreed to have DCF and DHS speak at the next meeting about program integrity efforts in public assistance programs.
  6. Chairman Rakowski adjourned the meeting.